

FIGURES | INDIANAPOLIS INDUSTRIAL | Q3 2026

Fewer Vacancies, High Demand Prompt Boost in Construction

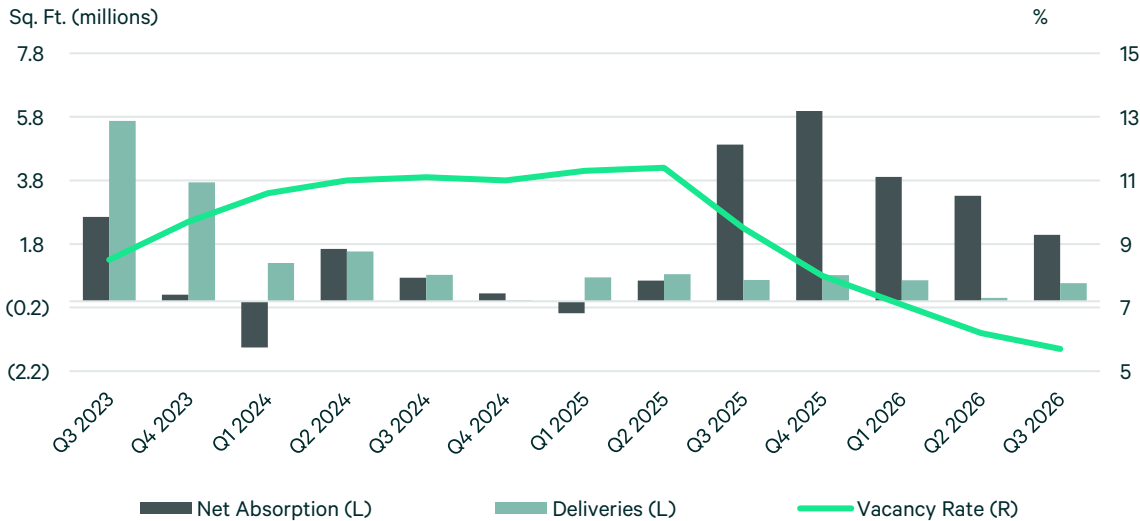


Note: Arrows indicate change from previous quarter.

Market Overview

- Vacancy rate continues its five-quarter decline, dropping 50 basis points (bps) quarter over quarter.
- Even as existing supply tightened, net absorption stayed in positive territory at 2.1 million sq. ft. , down from 3.32 million sq. ft. last quarter and Q4 2025's spike of 5.99 million sq. ft.
- 1.8 million sq. ft. of new construction kicked off this quarter to meet both new and existing tenants' growing demand for space.
- Fewer vacancies lifted the direct asking rate average by \$0.8 or 1.3%.
- The positive absorption and asking rates, as well as lower vacancy rates, contrast the trend in the preceding five quarters (Q2 2024 to Q2 2025) when the market had few takers for vacant buildings, many of which were newly constructed.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy Rate

Direct lease and sublease vacancies continued their decline, falling to 5.7% this quarter from a three-year high of 11.4% posted in Q2 2025. Direct vacancies showed the largest drop of 470 bps during the same time frame. Sublease vacancies fell 110 bps.

For the quarter, the Park 100 submarket had the lowest overall vacancy rate at 2.6%, followed closely by the Northwest submarket at 2.7%.

The East recorded the highest submarket vacancy at 10.5%, down significantly from 22.2% in Q2 2025. Occupiers sought out its large, bulk product buildings designed primarily for logistics and distribution as similar options in the other submarkets became scarce.

Demand also stayed strong for smaller shallow bay and flex buildings with less than 50,000 sq. ft. of space. This size class recorded the lowest vacancy rate at 3.3%. The largest category size, buildings with 750,000 sq. ft. of space, recorded the highest vacancy rate at 8.3%. While that vacancy rate is higher than the other size categories, it represents a 760 bps drop from 15.9% in Q2 2025.

Asking Rent

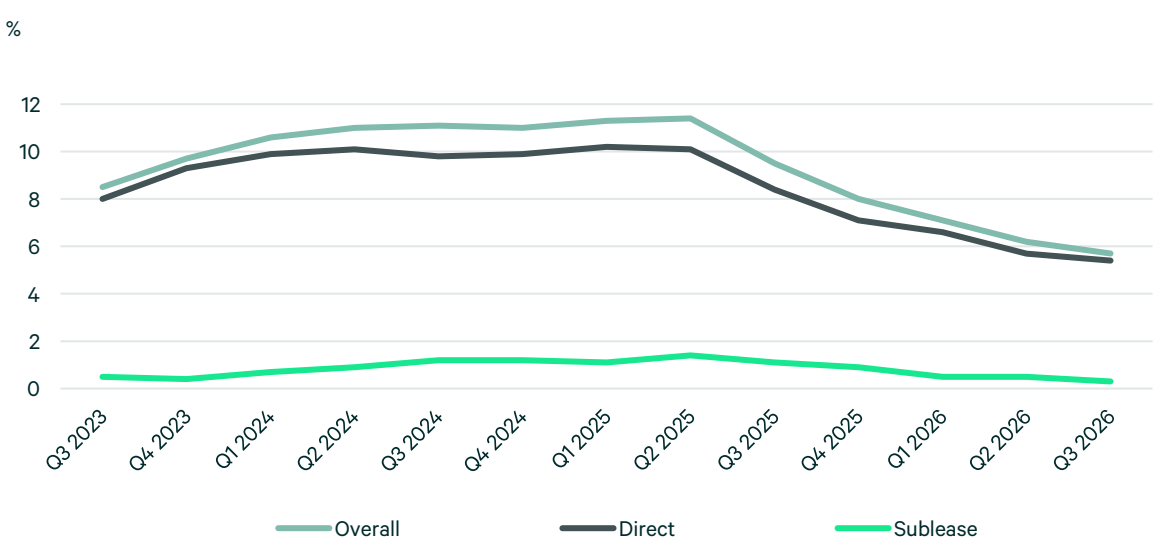
Strong occupier demand pushed direct asking rates higher by 1.3 percent quarter-over-quarter to \$6.43 per sq. ft. from \$6.35. The asking rate’s 6% rise from \$5.98 per sq. ft. in Q2 2025 moved in tandem with the vacancy rate’s decline at the same time.

The Northeast, with the greatest concentration of new shallow-bay flex buildings, commanded the highest rate at \$9.16 per sq. ft. The ever-popular Northwest and Park 100 submarkets notched the next highest rates at \$7.81 and \$7.66 per sq. ft. respectively. The Northwest’s rates were driven by newer modern bulk buildings. Although its mix of buildings are older and smaller than the Northwest, Park 100 remained popular as a convenient, versatile choice for occupiers.

At the lowest end of the spectrum were the South and East submarkets at \$5.82 and \$5.86 per sq. ft., respectively. Unlike the Northeast, these two submarkets are less popular and have more 750,000 sq. ft. buildings vacant, with lower price points per sq. ft.

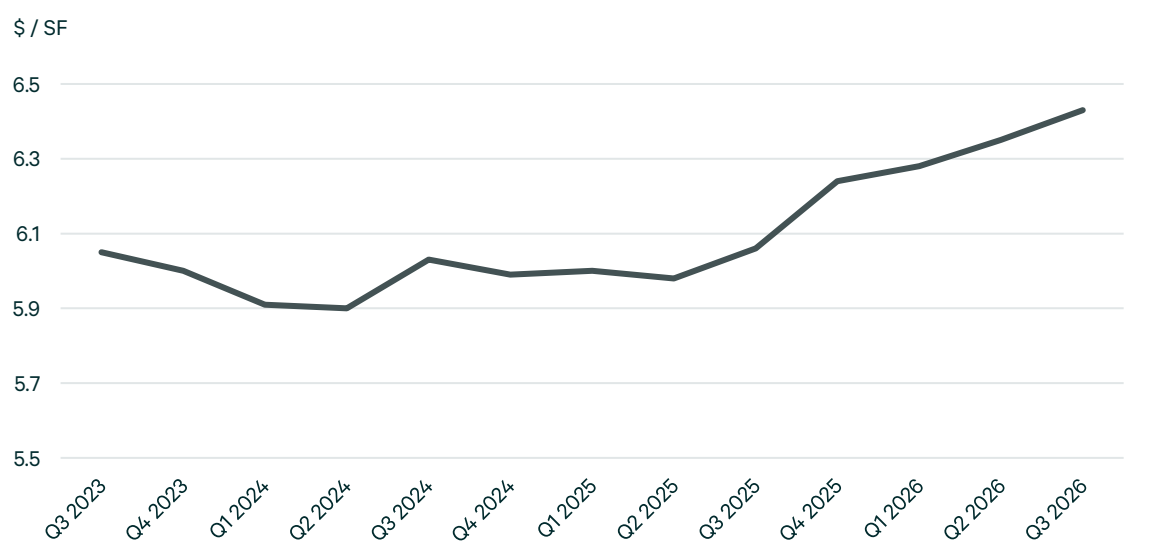
The average asking rate for CBD was \$6.99 per sq. ft., driven by its higher ratio of manufacturing buildings. The Southwest submarket featured more second-generation large bulk buildings. It had a \$6.32 per sq. ft. average rate.

Figure 2: Vacancy Rate



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

Net absorption remained strong. In the last five quarters, leasing drove 20.24 million sq. ft. of occupancy. However, this quarter’s 2.09 million sq. ft. is down 3.9 million sq. ft. from Q4 2025’s high and down 1.23 million sq. ft. from last quarter.

The East, with the highest square feet of vacant opportunities, attracted the most occupants at 1.03 million sq. ft. Aurora Commerce Center, located in the East submarket, accounted for 803,000 SF, or 78 percent, of the submarket’s absorption. The Southwest had the second highest absorption this quarter at 724,000 sq. ft.

Two submarkets logged negative absorption this quarter. The South lost the most at 170,000 sq. ft. CBD stayed relatively stable, losing only 9,000 sq. ft. of occupancy. Only CBD has remained in negative territory for 2026 so far, down 47,000 sq. ft. of net absorption.

Buildings in the 100,000 to 249,999 sq. ft. range saw the greatest occupancy change, accounting for 699,000 sq ft. of absorption. Two buildings accounted for 307,000 sq ft, or 44% of the absorption in this category. They were Washington Business Park Building 2 and Deer Creek Business Park Building 1, both in the Northeast submarket.

Construction Activity

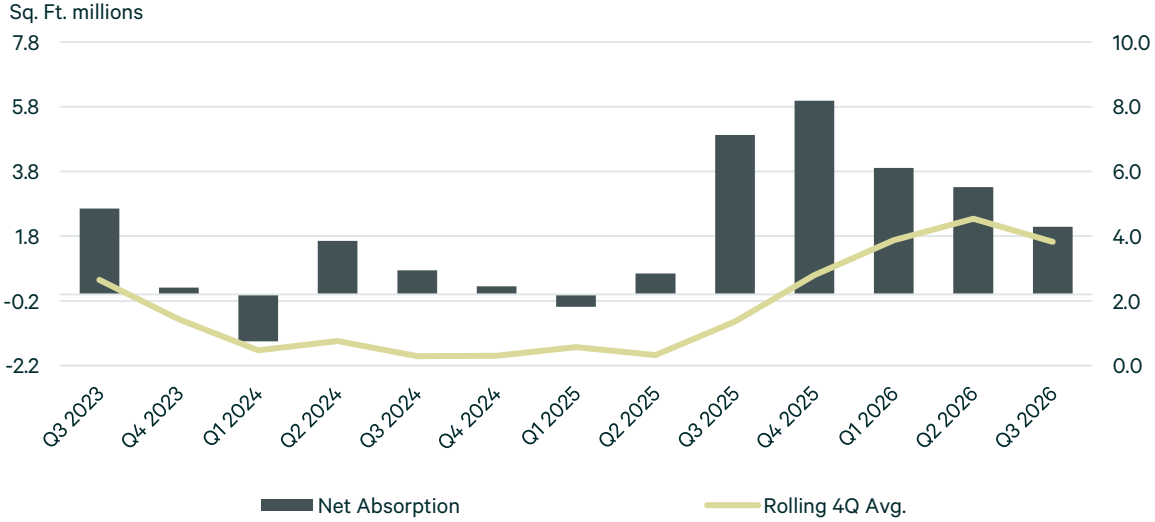
As absorption has grown, so has the square footage under construction. For the first time in more than three years, industrial square footage under construction has exceeded the level in Q3 2023: At that time developers were building 8.44 million sq. ft. of industrial space. This quarter, 8.9 million sq. ft is underway.

Most of the industrial product under construction was concentrated in the distribution/logistics category, at 7.9 million sq. ft.

The Northwest and South submarkets anchored three of the large projects: the 1.57 million sq. ft. HarperCollins build-to-suit and the 1 million sq. ft. NewCold USA III in Northwest and the 1.20 million sq. ft. I-65 Park South Logistics Center Building 2 in South.

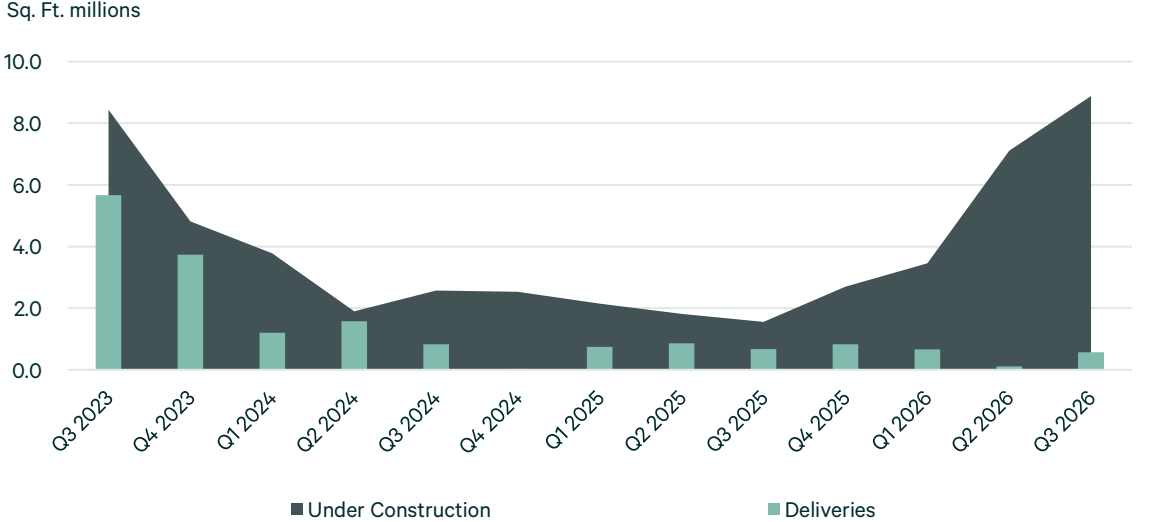
Deliveries of new buildings totaled 600,000 sq. ft, almost equaling Q1’s delivery of 664,000 sq. ft, but still only 11% of Q3 2023’s 5.67 million sq. ft. delivered.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

Investment Sale Activity

Indianapolis Industrial investment sales in Q3 2026 recorded higher volume than in Q3 2025 but lower volume than in Q2 2026. Q3 2026 sales rose to \$447.22 million, down 18.0% quarter-over-quarter from \$545.29 million in Q2 2026 and up 20.4% year-over-year from \$371.58 million in Q3 2025. Year-to-date 2026 industrial sale volume reached \$1.24 billion.

Private buyers accounted for 86.8% of Q3 2026 volume, followed by institutional buyers at 6.0%, user/other buyers at 5.9% and public buyers at 1.3%. The largest transaction was Park 267 in the Northwest submarket, which sold for \$137 million. The deal brought in \$124.02 per sq ft for the 1.1 million sq. ft building. The second-largest sale was Mohr Logistics Park Building 6 in the South submarket at \$90.40 million for 1.06 million sq. ft., or \$85.49 per sq. ft.

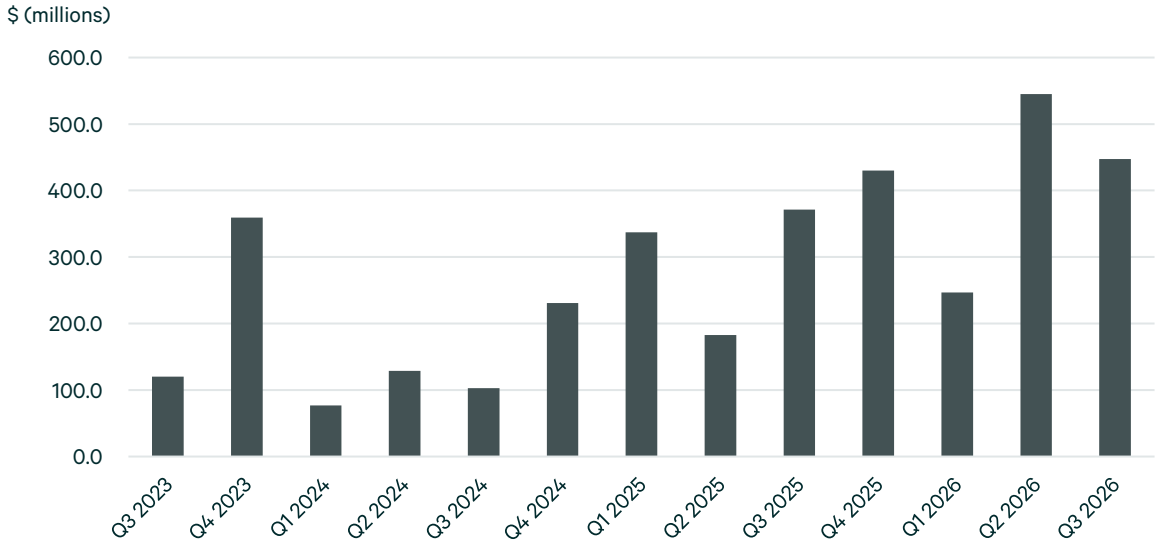
Other top sales included 70 Connect Building III in the East submarket at \$72.30 million for 1.01 million sq. ft. (\$71.86 per sq. ft.), Westpoint Business Park Building IV in the Southwest at \$44 million for 500,406 sq. ft. (\$87.93 per sq. ft.), Brownsburg Logistics Park Building 2 in the Northwest at \$32.7 million for 561,000 sq. ft. (\$58.29 per sq. ft.), and 1380 Perry Road in the Southwest at \$26.40 million for 260,400 sq. ft. (\$101.27 per sq. ft.).

Figure 7: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Mohr Logistics Park Building 6	South	HPS ET Whiteland LLC	\$90.4M	1,057,350	\$85.49
70 Connect Building III	East	MDH Partners	\$72.3M	1,005,776	\$71.86
Westpoint Business Park Building IV	Southwest	SkyREM	\$44M	500,406	\$87.93
Brownsburg Logistics Park Building 2	Northwest	Wafra	\$32.7M	561,000	\$58.29
1380 Perry Road	Southwest	MLG Capital	\$26.4M	260,400	\$101.27
Park 267	Northwest	JLL IPT	\$137M	1,104,682	\$124.02

Source: MSCI Real Capital Analytics, Q3 2026

Figure 6: Quarterly Sales Volume



Source: MSCI Real Capital Analytics, Q3 2026

Figure 8: Investment Sale Activity



Source: MSCI Real Capital Analytics, Q3 2026

Leasing Activity

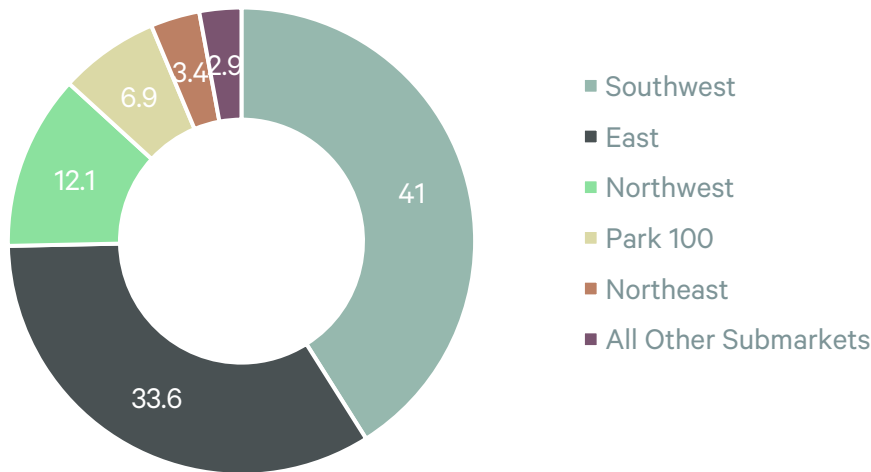
Leasing rose slightly this quarter from Q2 2026, despite the market’s increasing low vacancies. Tenants signed leases totaling 7.24 million sq. ft. for Q3 2026, a 13.7% bump from the 6.37 million sq. ft. leased in Q2. While down 48% from Q3 2025’s peak of 12.24 million sq. ft. leased, the quarter’s total is only 2% lower than the three-year quarterly average of 7.4 million sq. ft.

The Southwest and the East accounted for 74.6% of the total sq. ft. leased this quarter. The very tight Northwest submarket contributed another 12.1 percent of leases signed.

The largest lease in the Southwest was a renewal by Full Beauty Brands for 741,000 SF. The next largest, a new lease signed by Boston Scientific Corp, called for a build-to-suit facility, anticipated to start construction in Q4 2026.

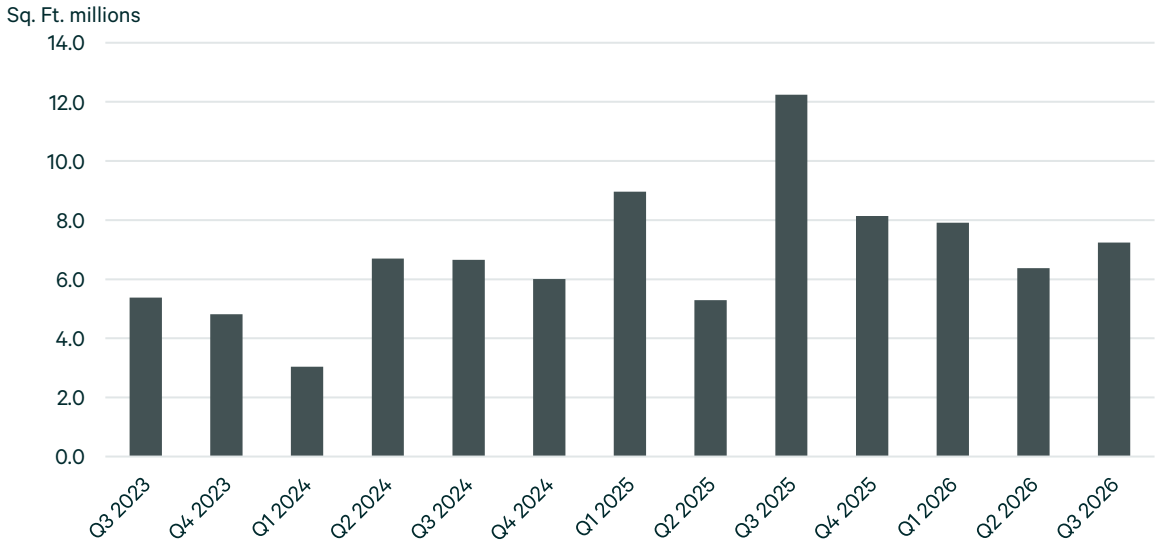
Two of the three largest leases are new ones signed for the East Market. Keller Logistics Group leased and occupied 806,000 sq. ft. this quarter. The other new lease, for a confidential client, is for a build-to-suit anticipated to also start construction in Q4. Adidas, a renewal, added another 599,000 sq. ft.

Figure 10: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Figure 9: Figure 7: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 11: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Keller Logistics Group	806,000	New Lease	5670 Aurora Way	East
Full Beauty Brands	741,000	Renewal	3003 Reeves Rd	Southwest
Adidas	599,000	Renewal	8677 Logo Athletic Ct	East
Boston Scientific Corp (BSC)	587,000	New Lease	E Camby Rd	Southwest
Ryder Logistics	403,000	New Lease	807 Perry Rd	Southwest
Premium Brands Services	383,000	New Lease	6161 Decatur Blvd	Southwest
Gaylor Electric	383,000	New Lease	500-520 S Enterprise Blvd	Northwest
Confidential Tenant	286,000	New Lease	415 Fintail Dr	East

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 12

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	278.74M	6.5	8.0	7.4	0.6	6.32	2.11M	9.42M	488,000	7.92M
Manufacturing - General	52.08M	1.8	2.6	2.1	0.5	5.37	43,000	76,000	-	585,000
R&D/Flex	15.24M	4.6	6.6	6.3	0.3	10.20	19,000	(66,000)	80,000	-
Other Industrial	741,000	16.0	16.0	16.0	-	10.00	(84,000)	(107,000)	-	380,000
Total	346.80M	5.7	7.1	6.6	0.6	6.43	2.09M	9.32M	568,000	8.89M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 13

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	18.53M	3.3	5.0	4.6	0.4	9.65	(27,000)	95,000	-	30,000
50K-99,999 SF	34.30M	4.5	5.7	5.1	0.6	8.01	(89,000)	(102,000)	80,000	242,000
100K-249,999 SF	64.79M	5.7	8.6	7.7	0.9	7.63	699,000	1.29M	202,000	1.28M
250K-499,999 SF	72.95M	4.0	6.4	6.2	0.3	6.31	274,000	3.80M	286,000	634,000
500K-749,999 SF	68.58M	5.4	8.2	7.4	0.8	6.10	(1,000)	547,000	-	2.93M
750,000 SF +	87.63M	8.3	6.9	6.4	0.5	5.19	1.23M	3.69M	-	3.77M
Total	346.80M	5.7	7.1	6.6	0.6	6.43	2.09M	9.32M	568,000	8.89M

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 14

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	127.27M	10.2	11.7	10.7	1.0	6.06	1.61M	7.92M	568,000	3.98M
Institutional	123.67M	10.3	11.6	10.7	0.9	6.00	1.61M	7.76M	488,000	-
Other Class A	3.60M	7.4	12.5	10.6	1.9	10.43	9,000	156,000	80,000	3.98M
All Other Industrial	219.53M	3.1	4.5	4.2	0.4	7.07	471,000	1.41M	-	4.91M
Total	346.80M	5.7	7.1	6.6	0.6	6.43	2.09M	9.32M	568,000	8.89M

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	26.49M	4.0	4.3	4.3	-	6.99	(9,000)	(47,000)	-	-
East	58.40M	10.5	10.6	10.5	0.1	5.86	1.03M	3.60M	-	906,000
Northeast	27.78M	3.3	4.4	3.4	1.0	9.16	355,000	423,000	80,000	365,000
Northwest	53.55M	2.7	3.0	2.8	0.2	7.81	141,000	1.36M	488,000	3.98M
Park 100	28.30M	2.6	7.1	6.0	1.1	7.66	10,000	25,000	-	-
South	44.67M	9.8	12.4	11.3	1.2	5.82	(170,000)	875,000	-	1.80M
Southwest	107.61M	4.7	6.6	5.8	0.7	6.32	724,000	3.09M	-	1.83M
Total	346.80M	5.7	7.1	6.6	0.6	6.43	2.09M	9.32M	568,000	8.89M

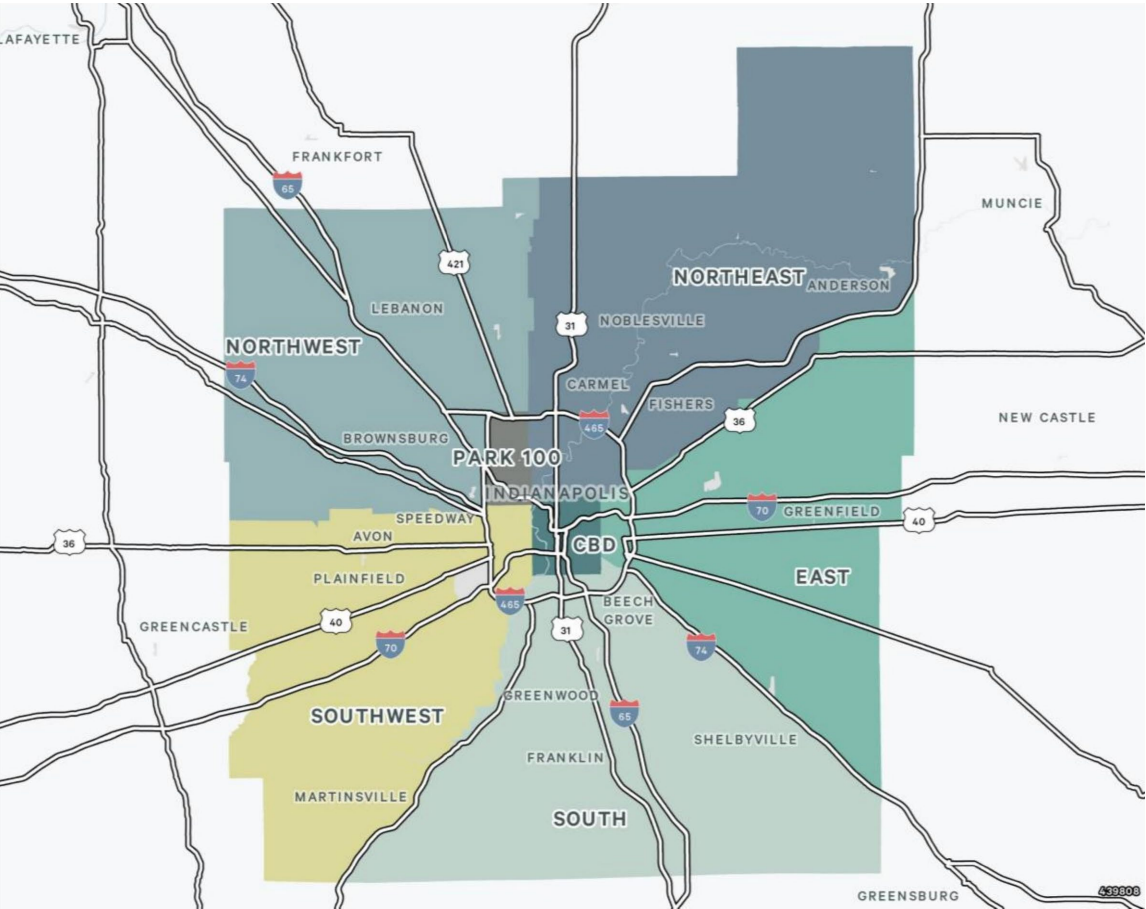
Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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